

Description of outstanding incentive programmes

Incentive programme 2002-2007

On 16 May 2002, the general annual meeting resolved on a stock option programme. The stock options entitle to acquisition of Class B shares in the company. The programme will expire in 2007. Senior executives and key employees are entitled to be allocated stock options. Inter alia the following terms and conditions are applicable to outstanding stock options:

The stock options are exercisable at the earliest three years and at the latest five years from time of grant. The stock option holders must at the time of exercise remain in employment of the Tele2 group. The stock options are granted free of charge and may not be transferred. The strike price and the number of granted and outstanding stock options are set forth in the summary below.

Year of grant	2002
Number of granted stock options	2,630,378
Number of lapsed stock options	-381,510
Number of exercised stock options	-2,002,415
Price per share (SEK)	60.80
Outstanding stock options as of 31 March 2007	246,453

Included in the above, warrants corresponding to 482,618 shares have been granted in 2002 to a wholly-owned group company for the purpose of securing future cash flows for social security expenses, of which [363,335] warrants have exercised and [119,283] were outstanding on [31 March] 2007.

Incentive programme 2006-2011

The Extraordinary General Meeting on February 21, 2006, decided to adopt an incentive programme for senior executives and key employees in the Tele2 group, involving a combined offering of warrants and stock options. For each warrant acquired, two stock options were offered free of charge, each carrying an entitlement to acquire one class B share in the company.

Subscription for class B shares through the warrants may take place during 25 February – 25 May 2009, and the stock options run for five years, with the earliest exercise date three years after the grant date. The options can only be exercised if the employee is still in Tele2's employment on the date of exercise. The stock options are non-transferable. The strike price and the number of granted and outstanding warrants and stock options are set forth in the summary below.

Year of grant	2006
Number of granted warrants and stock options	2,256,000
Number of lapsed warrants and stock options	-230,000
Price per share (SEK)	94.80
Outstanding warrants and stock options (exercise may not take place until 2009)	2,026,000